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C O N F I D E N T I A L SECTION 01 OF 02 RABAT 001576

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SUBJECT: MOROCCO-EU FISHING AGREEMENT SPARKS CONTROVERSY

REF: RABAT 248

Classified By: Econ Counselor S. Smith, reasons 1.4 (b) and (d)

¶1. (U) Summary: The new Morocco-EU fishing agreement was signed in Brussels on July 26, 2006, but must still be ratified by the Moroccan Parliament before taking effect. Ratification is expected to occur when Parliament reconvenes in October 2006, with implementation by early 2007. The agreement is much smaller in scope than its long-expired predecessor, providing licenses for 119 EU member boats (primarily Spanish and Portuguese), and setting an annual quota of 60,000 tons over the course of its four-year life. In return, Morocco will receive assistance totaling USD 186 million. This compensation complements the Moroccan Millennium Challenge Account (MCA) proposal, and is part of a broad effort to modernize and improve its fishing industry. The EU agreement sparked controversy because of its inclusion of waters off the disputed Western Sahara, with some critics charging it is tantamount to EU acknowledgment of Moroccan administrative authority over the region. End Summary.

Years of Negotiations Since the Last Agreement

¶2. (U) The new EU accord comes seven years after the expiration of an earlier agreement, and is less comprehensive than its predecessor in terms of the number and type of boats permitted. The earlier agreement allowed 626 European vessels, 397 of which were Spanish, to operate in Moroccan waters from 1995 to 1999. The new agreement provides only 119 licenses and excludes both the Mediterranean Sea and such fragile species as cephalopods. The overall EU catch is limited to 60,000 tons annually. (NB: Morocco's artisanal fishing production in 2005 was over 750,000 tons.) In return, Morocco will receive USD 186 million over four years for restructuring and development of its fishing fleet. This total is less than 1/3 of the USD 646 million the EU paid for the 1995-99 period, and contrasts with the USD 666 million the EU recently agreed to pay Mauritania for a similar six-year deal.

¶3. (U) According to the text of the new agreement, the compensation will be used to modernize and restructure Morocco's fleet, cushion the impact of withdrawal of drift nets on the fleets concerned, conduct scientific research and training, modernize marketing and promotion of fisheries products, and upgrade landing and handling of fisheries products. For the first time, some of the assistance will go directly to the sector itself, rather than to the government for use in other areas. Another key provision stipulates that the compensation must partly benefit residents of the Western Sahara. When questioned about this and other provisions, EU representatives explained that yearly reports

will be produced assessing the agreement's implementation and enforcement.

14. (SBU) Commenting on the new accord's difficult seven-year gestation, the Secretary General of the Department of Fisheries, Mohammed Tarmidi told Emboffs that Morocco had never left the negotiating table, but had been content to sit back and wait until the Europeans were ready to accept its conditions for a new agreement. In particular, Morocco wanted to move away from the "catch for cash" nature of the previous accord, achieve a more sustainable exploitation of its fisheries, and target assistance to recipients themselves.

Morocco Overhauling Its Fishing Industry

15. (U) The new EU agreement complements the recently submitted Moroccan MCA proposal, with the two being integral but separate elements of a broad plan to revamp and improve the entire Moroccan fishing industry. In the MCA proposal, fishing was one of three primary sectors identified by the Moroccans as having strong potential for growth. Tarmidi explained that the EU compensation package and the Moroccan MCA proposal fit into the GOM's overall strategy to modernize the fishing industry. Noting that the sector can be broken down into three broad categories: small, unpowered artisanal boats (totaling 15,000-- a part of the sector which has no European equivalent), coastal vessels (2,000 total, the equivalent of Europe's artisanal fleet), and a high-seas "industrial" fleet of 300 ships, he said that the latter sector has been able to rely on its own resources for necessary modernization. The EU assistance will focus on

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Morocco's coastal fleet, while the Ministry's MCA proposal is aimed at the smaller artisanal fishermen, helping them upgrade their boats while also improving the harbor infrastructure that serves them.

De Facto Recognition of Authority Causes Controversy

16. (C) Particularly controversial in the new EU agreement has been the inclusion of territorial waters off the disputed Western Sahara. While EU officials here deny that the accord in any way constitutes recognition of Moroccan sovereignty over the region, and point to an EU legal opinion to that effect, the question held up EU approval of the accord and has led to its denunciation by the Polisario. While the accord does not mention the Western Sahara, it does repeatedly refer to "Moroccan fishing zones," which the accord defines as the waters under the sovereignty and/or jurisdiction of the Kingdom of Morocco. These zones are further defined geographically in the annex, some of which clearly fall along the coast of Western Sahara. The inclusion of the area (which EU officials are at pains to emphasize also was true of the previous agreement) sparked strong opposition in Nordic capitals, and held up EU ratification of the accord. (Note: Nordic capitals consistently support Sahrawis over the monarchy, reftel. End Note.)

17. (C) Comment: In spite of its limited scope, Moroccan officials characterize the new agreement as a victory for GOM policy and vindication of their patient negotiating approach. While, for the time being, the EU appears to have overcome the complications sparked by inclusion of the Western Sahara waters under "defacto" Moroccan administration, they are likely to reemerge periodically, particularly in conjunction with promised reports on implementation of the benefits the accord promises the region's local inhabitants. End Comment.

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